

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Benefits Administration

*Inspection of
the VA Regional Office
Indianapolis, Indiana*

August 3, 2017
16-04918-263

ACRONYMS

| | |
|------|--|
| ALS | Amyotrophic Lateral Sclerosis |
| EP | End Product |
| FY | Fiscal Year |
| IPC | Intake Processing Center |
| NWQ | National Work Queue |
| OIG | Office of Inspector General |
| RVSR | Rating Veterans Service Representative |
| SMC | Special Monthly Compensation |
| TBI | Traumatic Brain Injury |
| VARO | Veterans Affairs Regional Office |
| VBA | Veterans Benefits Administration |
| VSC | Veterans Service Center |
| VSCM | Veterans Service Center Manager |
| VSR | Veterans Service Representative |

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Highlights: Inspection of the VARO Indianapolis, IN

Why We Did This Review

In October 2016, we evaluated the Department of Veterans Affairs Regional Office (VARO) in Indianapolis, Indiana, to determine how well Veterans Service Center (VSC) staff processed disability claims, how timely and accurately they processed proposed rating reductions, how accurately they entered claims-related information, and how well they responded to special controlled correspondence.

What We Found

Claims Processing—Indianapolis VSC staff did not consistently process one of the two types of disability claims we reviewed. We reviewed 30 of 434 veterans' traumatic brain injury claims (7 percent) and found that Rating Veterans Service Representatives (RVSRs) accurately processed 29 of the claims (97 percent). However, RVSRs did not always process entitlement to special monthly compensation (SMC) and ancillary benefits consistent with Veterans Benefits Administration (VBA) policy. We reviewed 30 of 47 SMC claims (64 percent) and found that RVSRs incorrectly processed three of the claims (10 percent) because RVSRs misinterpreted policy for evaluating a neurological disease. This resulted in 33 improper monthly payments totaling approximately \$66,500. We sampled claims related only to specific conditions that we considered at increased risk of claims processing errors; thus, these results do not represent the overall accuracy of disability claims processing at this VARO.

Proposed Rating Reductions—VSC staff generally processed proposed rating reductions accurately but staff needed better oversight to ensure timely actions. We reviewed 30 of 163 benefits reduction cases (18 percent); VSC staff delayed or incorrectly processed 12 cases (40 percent). The delays occurred because management prioritized other workload higher to meet VARO Director's performance goals. These delays and processing inaccuracies resulted in 99 improper monthly payments to eight veterans totaling approximately \$156,000.

Systems Compliance—VSC staff needed to improve the accuracy of claims-related information input into the electronic systems at the time of claims establishment. We reviewed 30 of the 1,473 (2 percent) newly established claims. VSC staff did not correctly input information in 16 claims (53 percent) due to insufficient quality review processes and ineffective training that did not provide specific details on how to associate disabilities with medical classifications.

Special Controlled Correspondence—VSC staff timely processed and responded to special controlled correspondence; however, improved controls are needed. We reviewed 30 of the 338 special controlled correspondences and found that VSC staff did not establish the proper end product controls to monitor this workload in all 30 cases. They also did not upload follow-up correspondence to the electronic system in 13 of the cases. The errors occurred because management did not perform thorough quality reviews nor did they ensure that the congressional liaison

received training on workload controls and uploading procedures.

What We Recommended

We recommended the VARO Director provide training for SMC and medical classifications; monitor the effectiveness of this training; implement plans to ensure oversight of proposed rating reduction cases; and modify the quality review process for claims establishment. In addition, the VARO Director needs to ensure special controlled correspondence is managed and the VARO congressional liaison receives training. The Director should also assess the effectiveness of the special controlled correspondence checklist.

Agency Comments

The VARO Director concurred with our recommendations. Management's planned actions for Recommendations 1-3 and 5-7 are responsive. Recommendation 5 is considered closed. However, the Director's response did not fully address Recommendation 4. We will follow up as required on the remaining recommendations.



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INTRODUCTION

Objectives

The Benefits Inspection Program is part of the VA Office of Inspector General's efforts to ensure our nation's veterans receive timely and accurate benefits and services. We conduct onsite inspections at randomly selected VA Regional Offices (VAROs) to assess their effectiveness. In FY 2017, we are examining four mission critical operations—Disability Claims Processing, Management Controls, Data Integrity, and Public Contact. Our independent oversight is focused on identifying key objectives and risks within each of these areas of operation or VARO program responsibility. Specifically, our objectives are to assess the VARO's effectiveness in:

- Disability claims processing by determining whether Veterans Service Center (VSC) staff accurately processed traumatic brain injury (TBI) claims and claims related to special monthly compensation (SMC) and ancillary benefits
- Management controls by determining whether VSC staff timely and accurately processed proposed rating reductions
- Data integrity by determining whether VSC staff accurately input claim and claimant information into the electronic systems
- Public contact by determining whether VSC timely and accurately processed special controlled correspondence

In addition, inspections may examine issues or allegations referred by VA employees, members of Congress, or other stakeholders. When we identify potential procedural inaccuracies, we provide this information to help the VARO understand the procedural improvements it can make for enhanced stewardship of financial benefits. Errors that affect benefits have a measurable monetary impact on veterans' benefits. Errors that have the potential to affect benefits are those that either had no immediate effect on benefits or had insufficient evidence to determine the effect to benefits.

Indianapolis VA Regional Office

As of October 2016, the Indianapolis VARO reported having a staffing level of 462 full-time employees; the VARO was authorized to have 531 employees. Of this total, the VSC had 167 employees assigned; the VSC was authorized 186 employees. In FY 2016, VBA reported the Indianapolis VARO completed 18,965 compensation claims—averaging 3.8 issues per claim.¹

¹ Under M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 6, Section B, *Determining the Issues*, "issues" are disabilities and benefits.

RESULTS AND RECOMMENDATIONS

I. Disability Claims Processing

Finding 1 Indianapolis VSC Staff Generally Process Some Claims Correctly But Need To Improve Accuracy of Other Claims

Even though Indianapolis Rating Veterans Service Representatives (RVSR) generally processed TBI claims correctly, they did not accurately process entitlement to SMC and ancillary benefits consistent with VBA policy. Generally, the errors occurred because RVSRs followed local guidance, which conflicted with VBA policy, when evaluating claims related to amyotrophic lateral sclerosis (ALS)—a neurological disease. Overall, RVSRs correctly processed 56 of the 60 veterans’ disability claims we reviewed (93 percent). Of the four claims with errors, three affected veterans’ benefits—resulting in 33 improper monthly payments totaling approximately \$66,500 as of September 2016.² The remaining error had the potential to affect benefits.

Table 1 reflects the errors affecting, and those with the potential to affect, veterans’ benefits processed at the Indianapolis VARO. We sampled claims related only to specific conditions that we considered at increased risk of claims processing errors. As a result, the errors identified do not represent the universe of disability claims or the overall accuracy rate at this VARO.

Table 1. Indianapolis VARO Disability Claims Processing Accuracy

| | | Veterans’ Claims Inaccurately Processed | | |
|----------------------------|-----------|---|--|----------|
| Type of Claim | Reviewed | Affecting Veterans’ Benefits | Potential To Affect Veterans’ Benefits | Total |
| TBI | 30 | 0 | 1 | 1 |
| SMC and Ancillary Benefits | 30 | 3 | 0 | 3 |
| Total | 60 | 3 | 1 | 4 |

Source: VA OIG analysis of VBA’s TBI disability claims completed from March 1 through August 31, 2016 and SMC and ancillary benefits claims completed from September 1, 2015 through August 31, 2016 obtained from VBA’s corporate database

² All calculations in this report have been rounded when applicable.

**VBA Policy
Related to
TBI Claims**

VBA defines a TBI as a traumatically induced structural injury or a physiological disruption of brain function caused by an external force. The major residual disabilities of TBI fall into three main categories—physical, cognitive, and behavioral. VBA policy requires staff to evaluate these residual disabilities. Decision Review Officers and RVSRs who have completed the required TBI training must process all decisions that address TBI as an issue. Rating decisions for TBI require two signatures until the decision-maker demonstrates an accuracy rate of 90 percent or greater, based on the VARO’s review of at least 10 TBI decisions.³

VBA policy requires that one of the following specialists make the initial diagnosis of TBI: physiatrist, psychiatrist, neurosurgeon, or neurologist. A generalist clinician who has successfully completed the required TBI training may conduct a TBI examination, if the diagnosis is of record and was established by one of the aforementioned specialty providers.⁴

**Review of
TBI Claims**

We randomly selected and reviewed 30 of 434 veterans’ TBI claims (seven percent) completed from March 1 through August 31, 2016 to determine if VSC staff processed them according to VBA policy. As part of this sample of claims, we reviewed the qualifications of the medical examiners to ensure compliance with VBA policy.

RVSRs correctly processed 29 of the 30 TBI cases we reviewed (97 percent), and we did not identify any improper diagnoses of TBI. The single error we identified did not affect the veteran’s benefit. In that case, a RVSR prematurely proposed to decrease a veteran’s disability evaluation for post-traumatic stress disorder and traumatic brain injury, from 70 percent disabling to a zero percent evaluation, but proposed to do so without requesting a TBI medical examination, as required. Without the medical examination, neither VBA nor we could determine the current severity and evaluation of the veteran’s disabilities. The Veterans Service Center Manager (VSCM) agreed with our assessment in this case.

**Previous
VA OIG
Inspection
Results**

In our previous report, *Inspection of the VA Regional Office, Indianapolis, Indiana* (Report No. 14-04876-204, May 19, 2015), we reported that VSC staff accurately processed 26 of the 27 TBI cases. During the current inspection, RVSRs continued to follow VBA policy in 29 of the 30 TBI claims we reviewed. As such, we did not make recommendations for improvement in this area.

³ M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 4, Section G, Topic 2, *TBI*.

⁴ M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 3, Section D, Topic 2, *Examination Report Requirements*.

**VBA Policy
Related to
SMC and
Ancillary
Benefits**

VBA assigns SMC to recognize the severity of certain disabilities or combinations of disabilities by adding an additional compensation to the basic rate of payment when the basic rate is not sufficient for the level of disability present. SMC represents payments for “quality of life” issues such as the loss of an eye or limb, or the need to rely on others for daily life activities, like bathing or eating. Ancillary benefits are secondary benefits considered when evaluating claims for compensation, which include eligibility for educational, automobile, and housing benefits.⁵

In our report, *Review of Special Monthly Compensation Housebound Benefits* (Report No. 15-02707-277, September 29, 2016), we reviewed SMC housebound benefits. Our Benefits Inspection reports reviewed a higher level of SMC that included those payment rates related to disabilities such as loss of limbs, loss of eyesight, and paralysis. These reviews did not overlap because this review involved different types of SMC that cannot be granted simultaneously with SMC housebound benefits.

**Review of
SMC and
Ancillary
Benefit
Claims**

We randomly sampled 30 of 47 veterans’ claims involving entitlement to SMC and related ancillary benefits (64 percent) completed by VSC staff from September 1, 2015 through August 31, 2016. We examined whether VSC staff accurately processed entitlement to SMC and ancillary benefits associated with anatomical loss, loss of use of two or more extremities, or bilateral blindness with visual acuity of 5/200 or worse. We determined that three RVSRs incorrectly processed three of 30 claims (10 percent) that resulted in 33 improper payments totaling approximately \$66,500. All three errors affected veterans’ benefits. We provided the details of these errors affecting benefits to the VSCM for appropriate action; they are summarized here:

- In one case, an RVSR did not grant an increased level of SMC for a veteran with an additional permanent disability independently evaluated at 100 percent disabling, as required.⁶ This veteran receives SMC based on blindness and the RVSR granted service connection for heart disease at 100 percent disabling, which entitled the veteran to an increase in the SMC evaluation. Consequently, VA underpaid the veteran approximately \$3,000 over a period of 11 months. The VSCM agreed with this error and took corrective action.
- In two cases, RVSRs granted an incorrect level of SMC for the loss of use of both feet to veterans with ALS. VA regulation states that the loss of use of a foot exists when its function is no better than if it were amputated and replaced with prosthesis, or it is no longer able to function

⁵ 38 CFR, Part 3 – Adjudication, (§3.807, §3.808, §3.809).

⁶ 38 CFR 3.350(f)(4), *Special monthly compensation ratings, Additional independent 100 percent ratings.*

normally for walking.⁷ In both cases, the available medical evidence did not support that these veterans met the requirements for a grant of SMC on this basis. Specifically, one veteran was able to drive with his right foot and the other veteran climbed stairs and used a walker to ambulate. Based on this information, we concluded that these veterans were overpaid approximately \$63,400.

The Rating Quality Review Specialist did not agree with our assessment in the two cases in which veterans were diagnosed as having ALS. The VSCM explained that RVSRs take a “very broad and liberal interpretation” of VA regulations due to the rapidly progressive nature of ALS. During interviews with staff, we learned that trainers at the VSC encouraged RVSRs to grant these veterans the highest levels of SMC on their first claims. The Rating Quality Review Specialist stated that it was a burden to require veterans with ALS to file future claims for increased evaluations as their conditions deteriorated. However, RVSRs indicated they did not extend this same treatment to veterans with similar progressive diseases.

Two of the three errors occurred because local trainers encouraged RVSRs to interpret VA regulations liberally when evaluating claims for veterans having ALS. However, VBA policy does not allow the personal feelings of VSC staff to influence the handling of claims.⁸ The two ALS cases with errors did not comply with VA regulations for loss of use of an extremity and, as such, the RVSRs over-evaluated the disability. We understand the severity of the ALS disease process; however, to ensure consistency and fairness to all veterans, claims processing staff cannot selectively choose to misapply evaluation criteria when processing disability claims. If VBA determines that unique SMC provisions are warranted for veterans with this disability, it should pursue those changes through the regulatory process.

*Previous
VA OIG
Inspection
Results*

In our previous report, *Inspection of the VA Regional Office, Indianapolis, Indiana* (Report No. 14-04876-204, May 19, 2015), we determined that VSC staff incorrectly processed four of 30 veterans’ claims involving SMC and related ancillary benefits. Generally, errors occurred because VSC staff received infrequent training on higher-level SMC. We recommended the Indianapolis VARO Director implement plans to ensure the effectiveness of the training conducted on SMC and ancillary benefits. In response, the VARO Director reported SMC and ancillary benefits training had been provided and that the training would occur annually. However, we also reported that the Director’s planned actions did not address our recommendation to assess the effectiveness of the training. Had the VARO implemented that recommendation, management may have discovered that

⁷ 38 CFR §4.63, *Loss of use of hand or foot.*

⁸ 38 CFR §4.23, *Attitude of rating officers.*

RVSRs were misinterpreting VBA regulations when evaluating some SMC claims, such as those involving ALS.

Recommendation

1. We recommended the Indianapolis VA Regional Office Director ensure and implement local training that complies with Veterans Benefits Administration policy and implement plans to ensure the effectiveness of that training for evaluating higher-level special monthly compensation claims and ancillary benefits.

Management Comments

Responses to the OIG draft inspection incorporated responses from the VARO Director, the District Office, and the Office of Field Operations. The Director concurred with our finding and recommendation, reported training on this topic with all RVSRs scheduled to complete the training by June 30, 2017. In addition, the Director required the Quality Review Team to review five SMC claims for the remainder of the fiscal year.

OIG Response

The VARO Director's comments and actions are responsive to our recommendation. We will follow up as required.

II. Management Controls

Finding 2

Indianapolis VSC Staff Generally Process Proposed Rating Reductions Accurately But Need To Improve Timeliness

Even though VSC staff generally processed proposed rating reductions accurately, better oversight was needed to ensure timely action. We sampled 30 proposed benefit reductions cases to determine whether VSC staff accurately and timely processed them. RVSRs and Veterans Service Representatives (VSRs) accurately processed 28 of 30 cases (93 percent) involving benefits reductions. However, 10 cases (33 percent) contained delays—seven of the cases affected veterans’ benefits and three had the potential to affect benefits. Generally, processing delays occurred because the Director and the VSCM’s primary focus was on processing disability claims with timeliness measures listed on the VARO Directors’ performance goals—established by VBA’s Central Office. These delays and processing inaccuracies resulted in 99 improper monthly payments to eight veterans totaling approximately \$158,000. The erroneous payments occurred from January 2015 through August 2016. In accordance with VA policy, VBA does not recover overpayments because the delays were due to VA administrative errors.⁹

VBA Policy Related to Proposed Rating Reductions

VBA policy provides for compensation to veterans for conditions they incurred or aggravated during military service.¹⁰ The amount of monthly compensation to which a veteran is entitled may change because his or her service-connected disability may improve or worsen. Improper payments associated with benefit reductions generally occur when beneficiaries receive payments to which they are not entitled. Such instances are attributable to RVSRs and VSRs not taking the actions required to ensure veterans receive correct payments for their current levels of disability.

When the VARO obtains evidence which demonstrates that a disability has improved and the new evaluation would result in a reduction or discontinuance of current compensation payments, VSC staff must inform the beneficiary of the proposed reduction in benefits.¹¹ In order to provide beneficiaries due process, VBA allows 60 days for the veteran to submit additional evidence to show that compensation payments should continue at their present level.¹² If the veteran does not provide additional evidence within that period, VSC staff may make a final determination to reduce or

⁹ 38 CFR §3.500, *Reductions and Discontinuances*; M21-1 Adjudications Procedures Manual, Part III, Subpart v, Chapter 1, Section 1, Topic 3, *Handling Cases Involving Administrative Errors*.

¹⁰ 38 CFR §3.303, *Principles relating to service connection*.

¹¹ 38 CFR §3.103, *Procedural due process and appellate rights*.

¹² 38 CFR §3.105, *Revision of decisions*.

discontinue the benefit beginning on the 65th day following notice of the proposed action.¹³

**Review of
Claims
To Assess
Accuracy**

RVSRs and VSRs accurately processed 28 of 30 cases involving benefits reductions (93 percent). We randomly sampled 30 of 163 claims (18 percent) completed from June 1 through August 31, 2016 that proposed reductions in benefits. We identified two benefits reductions errors. A summary of the errors follows.

- An RVSR and a VSR erroneously reduced a veteran's disability benefits without acknowledging the timely request for a hearing on the proposed reduction. According to VBA policy, if a veteran requests a hearing within 30 days of the notice of the proposed rating reduction, VSC staff should schedule the hearing and delay the reduction until the hearing is completed.¹⁴ Because of this processing inaccuracy, VA underpaid the veteran approximately \$1,200 over a period of one month. The amount underpaid will continue to increase without appropriate and timely action.
- An RVSR and a VSR erroneously reduced a veteran's benefits before the 65th day following due process notification. The due process period expired on July 18, 2016, but the RVSR took action on July 1, 2016 to reduce benefits. This error had the potential to affect benefits because the reduction was scheduled to occur in the future—after our case review.

We provided details of these errors to the VSCM for appropriate action. The VSCM agreed with our assessment in these two cases. We did not find the two accuracy errors to be a systemic issue that required management's attention.

**Review of
Claims
To Assess
Processing
Timeliness**

Processing delays that required rating decisions to reduce benefits occurred in 10 of 30 claims (33 percent). These delays resulted in an average of 10 months of improper payments as of September 2016. We considered cases delayed when RVSRs and VSRs did not process them on the 65th day following notice of the proposed action, and the resulting effective date of reduction was impacted by at least one month.

In the case with the most significant overpayment, the VSR sent a letter to the veteran on October 2, 2014, proposing to reduce the disability evaluation for non-Hodgkin's lymphoma. The due process period expired on December 8, 2014 and the veteran did not provide additional evidence to support the claim. However, an RVSR and a VSR did not take final action

¹³ M21-1 Adjudications Procedures Manual, Part 1, Chapter 2, Section C, Topic 1, *General Information on the Adverse Action Proposal Period*.

¹⁴ 38 CFR §3.105, *Revision of Decision*.

to reduce the benefits until June 6, 2016. As a result, VA overpaid the veteran approximately \$52,800 over a period of 18 months.

The VSCM agreed with our assessments in these 10 cases. The Director and the VSCM stated that they focused on processing disability claims, with timeliness measures established by VBA's Central Office. The VSCM indicated compliance with the nationally mandated workload priorities affected the VSC's ability to dedicate the appropriate number of resources to address benefits reduction cases.

We are concerned VBA has modified its policy and removed a control that could minimize improper payments. On April 3, 2014,¹⁵ and again on July 5, 2015,¹⁶ VBA leadership modified its policy regarding the processing of claims requiring benefits reductions. The current policy only outlines the processing steps and no longer includes the requirement for VSC staff to take "immediate action," nor does VBA have any timeliness standard to process these reductions. In lieu of merely removing the vague standard, VBA should have provided clearer guidance on prioritizing this work to ensure sound financial stewardship of these monetary benefits.

*Previous
VA OIG
Inspection
Results*

In our previous report, *Inspection of the VA Regional Office, Indianapolis, Indiana* (Report No. 14-04876-204, May 19, 2015), we determined that claims processing staff delayed processing benefits reductions, which resulted in approximately \$57,397 in improper payments. The delays occurred because VSC staff placed higher priority on other workload. In response to our recommendation, the VARO Director modified the workload management plan to require weekly supervisory review and assignment of this workload to staff for timely action. Based on the Director's responses and planned actions, we closed the recommendation in October 2015.

During our current inspection, we continued to find that RVSRs and VSRs delayed processing benefits reductions. The VSCM confirmed that staff stopped following the guidance in their workload management plan around the beginning of 2015 because the processing steps and oversight of proposed rating reductions were too difficult to maintain. Given the similarity of our findings for two consecutive benefits inspections, we concluded the corrective actions taken by the VARO Director were ineffective. Delays associated with processing benefit reduction cases in the last two benefits inspections at the VARO resulted in improper payments totaling more than \$213,000, which could have been avoided if VARO management had timely processed these reductions.

¹⁵ M21-1 Adjudications Procedures Manual, Part I, Chapter 2, Section B, Topic 7, *Establishing and Monitoring Controls*.

¹⁶ M21-1 Adjudications Procedures Manual, Part I, Chapter 2, Section C, Topic 2, *Responding to the Beneficiary*.

Recommendation

2. We recommended the Midwest District Director implement a plan to ensure the Indianapolis VA Regional Office Director provides oversight and prioritization of proposed rating reduction cases for completion at the end of the due process time period.

Management Comments

The Midwest District Director concurred with our finding and recommendation. The District Director reported that VBA provides prioritization of rating reductions at the national level. On April 9, 2017, VBA started sending each VARO actionable due process work that must be completed within five days. District and Regional Office directors, as well as the Office of Field Operations, routinely monitor the performance-related 5-day “Time in Queue” standard. VBA will continue to monitor the rating reductions workload and make prioritization adjustments as necessary.

OIG Response

The Midwest District Director’s comments and actions are responsive to our recommendation. We will follow up as required.

III. Data Integrity

Finding 3

VSC Staff Need To Improve Information Input

Indianapolis VSC staff needed to improve the accuracy of information input into the electronic systems at the time of claim establishment. We reviewed 30 pending rating claims with multiple disabilities selected from VBA's corporate database to determine whether VSC staff accurately input claim and claimant information into the electronic systems at the time of claim establishment. In 16 claims (53 percent), VSRs and claims assistants did not enter accurate and complete information. Generally, errors occurred because of ineffective training that did not provide specific details on associating disabilities with medical classifications. In addition, an insufficient quality review process did not assess all elements of the required actions of claims establishment that resulted in errors. As a result, claims established using erroneous or incomplete data might be misrouted in the National Work Queue (NWQ), might delay claims processing and affect veterans' benefits.¹⁷

**VBA Policy
Related to
Data Integrity**

VBA relies on data input into its electronic systems to accurately manage and report its workload to stakeholders and to properly route claims within the NWQ—its electronic workload management tool. The NWQ centrally manages the national claims workload by prioritizing and distributing claims across VBA's network of VAROs using rules that assign workload based on certain claimant and claim information within the electronic system, which includes corporate flashes, claim labels, and special issues.¹⁸ Because the NWQ relies on the accuracy of these data, claims misidentified or mislabeled at the time of claims establishment can result in improper routing and therefore lead to the untimely processing of claims.

Initial claim routing begins at the time of claims establishment. VSC staff must input claim and claimant information into the electronic system to ensure system compliance.

¹⁷ Department of Veterans Affairs, Veterans Benefits Administration, National Work Queue, Phase 1 Playbook.

¹⁸ *Ibid.*

Table 2 reflects nine claim establishment terms.

Table 2. Claim Establishment Terms

| Term | Definition |
|-----------------------------------|---|
| Date of Claim | Earliest date the claim or information is received in any VA facility |
| End Product | The end product system is the primary workload monitoring and management tool for the VSC |
| Claim Label | A more specific description of the claim type that a corresponding end product represents |
| Claimant Address | Mailing address provided by the claimant |
| Claimant Direct Deposit | Payment routing information provided by the claimant |
| Power of Attorney | An accredited representative of a service organization, agent, non-licensed individual, or attorney representative chosen by the claimant to represent him or her |
| Corporate Flash Indicator | Claimant-specific indicators which can represent an attribute, fact, or status that is unlikely to change |
| Special Issue Indicator | Claim-specific indicators and can represent a certain claim type, disability or disease, or other special notation that is only relevant to a particular claim |
| Claimed Issue with Classification | Specifies the claimed issue and its medical classification |

Source: VA OIG presentation of definitions from VBA's M21-1 and M21-4

**Systems
Compliance**

We statistically selected and reviewed 30 of 1,473 pending rating claims (2 percent) selected from VBA's corporate database established in August 2016. We determined that VSRs and claims assistants established 16 claims (53 percent) using inaccurate or incomplete data; VSCM agreed with our assessment in these claims. The 16 claims included 20 errors because some claims contained multiple inaccuracies. In one claim, a VSR used an incorrect date of claim to establish the claim. As a result, the veteran was overpaid approximately \$830 for a period of four months.

We provided the details of the 20 errors to VSCM for appropriate action. Summaries of the remaining 19 errors that could have potentially delayed benefits follow.

- In 12 claims, claims assistants did not enter the correct claim type or classification, as required by VBA policy.¹⁹ Failure to enter correct claim type and classification could lead to additional corrective action later in the claim development process as well as to an incorrect VA examination request.
- In six claims, one VSR and five claims assistants did not select the correct special issue indicators, as required.²⁰ Special issue indicators are claim-specific and represent a certain claim type, disability or disease, or other special notation. An example of a special issue indicator is Agent Orange–Vietnam, which is both claim-specific and representative of a disability or disease that may result from exposure to the herbicide Agent Orange. Incorrect special issue indicators may result in misrouted and/or delayed claims.
- In one claim, a claims assistant did not enter direct deposit information, as required.²¹ Failure to enter direct deposit information may cause unnecessary delays in veterans receiving their benefits.

Most of the errors we found (12 out of 20) were caused by claims assistants improperly entering “claimed issue with classification” (contention classifications). The contention classification is entered for each disability claimed by a veteran on his or her application and aligns to a major body system. For example, a veteran submitting an application for service connection for diabetes would require an employee of the Intake Processing Center (the team designated by VBA to establish claims) to enter the “endocrine system” contention classification.

Generally, processing errors occurred because VBA’s training materials afforded to claims assistants did not provide specific details on associating claimed disabilities with medical classifications. During our inspection, we interviewed several employees, including current claims assistants, the Intake Processing Center supervisor, and the VSCM. We learned that claims assistants were provided refresher training in October 2016 for selecting the correct contention classification. Following this training, claims assistants told us that they had found the training materials confusing because they did not include frequently claimed conditions. We analyzed the training material and found that the class did not provide information on how to determine

¹⁹ M21-1 Adjudications Procedures Manual, Part III, Subpart iii, Chapter 1, Section D, Topic 2, *Utilizing Contentions and Special Issue Indicators Associated with Claimed Issues*.

²⁰ *Ibid.*

²¹ M21-1 Adjudications Procedures Manual, Part III, Subpart ii, Chapter 3, Section C, *Systems Updates*.

proper contention classifications. The VSCM acknowledged that VBA policy required appropriate information to be entered when establishing claims; however, the VSCM also indicated that determining medical classifications associated with disabilities may be outside the skill level of claims assistants.

In addition, we found that the Intake Processing Center Coach's quality review checklist lacked sufficient questions to ensure systems compliance accuracy. Specifically, the checklist does not require the reviewer to check contention classifications or whether a claims assistant assigned correct special issues—both of which are required at the time of claim establishment. Although the VSCM agreed with our findings in this area, the Director stated that VBA systems and policies may be lagging due to obsolescence in VBA's NWQ environment. For example, with the implementation and use of the NWQ, some special issue indicators may no longer be needed or may not be relevant when transferring or assigning workload within the NWQ. Because of ineffective training and an insufficient quality review process, the potential exists for VBA to rely on inaccurate workload data contained within its electronic systems.

Recommendations

3. We recommended the Indianapolis VA Regional Office Director provide training to claims assistants on how to assign the correct medical classification to claimed disabilities and monitor the effectiveness of that training.
4. We recommended the Indianapolis VA Regional Office Director implement a plan to modify the quality review checklist on claims establishment to include "claimed issue with classification" and "special issue" indicators for all claims.

Management Comments

The VARO Director provided evidence that showed IPC staff received training in October 2016 on selecting correct medical classification labels and contention classifications. The Director reported that claims assistants used a list containing 732 contention classification labels and provided a corrected list that reflected 712 labels. The Director also reported conducting monthly quality reviews of this work and stated that improper medical classification labels are now considered a quality error.

For Recommendation 4, the Director reported that the IPC supervisors review both special issues and medical classification labels during monthly quality reviews of claims establishment work. The Director reported that the quality review checklist was not changed but indicated that Item H on the checklist included a question related to special issues and contention classifications.

**OIG
Response**

The VARO Director's comments and actions are responsive to Recommendation 3. However, the Director's response to Recommendation 4 did not fully address the issue. Item H on the quality review checklist addressed claims considered as priority claims by VBA, such as homeless, terminally ill, etc.; however, the claims we identified as having errors were not limited to VBA's priority claims. In addition, Item H on the checklist did not include an accuracy review for contention classification labels. We will follow up on our assessment of the effectiveness of the Director's actions addressing these recommendations to ensure the accuracy of future claims processing.

IV. Public Contact

Finding 4 VSC Staff Need To Improve Processing of Special Controlled Correspondence

Indianapolis VSC staff needed to improve their controls for processing special controlled correspondence. We randomly sampled 30 special controlled correspondences to determine whether VSC staff timely and accurately processed them. We determined the congressional liaison did not establish effective controls for this workload or upload follow-up correspondence to the electronic system, as required, in 13 cases (43 percent). These errors occurred due to inadequate management oversight. Specifically, the Public Contact Coach (“Coach”) did not perform thorough quality reviews of the congressional liaison’s work. Furthermore, the Coach did not ensure the congressional liaison received any training related to controls for the workload or uploading procedures. As a result, the errors affect the VSC’s data integrity and misrepresent its workload.

VBA Policy Related to Special Controlled Correspondence

Special controlled correspondence is mail that requires expedited processing, control, and response. Examples include requiring special handling of inquiries from the White House, members of Congress, national headquarters of service organizations, and private attorneys. VBA policy requires the VSC staff to establish a specific tracking code for all special correspondence.²² VBA uses a three-digit code called an end product (EP) to monitor and manage its workload. EPs may be modified to identify specific issues, type of claim, or incremental multiple non-rating claims of the same end product category. The specific EP used to manage the special controlled correspondence workload is an EP 500.²³

If VSC staff cannot provide a complete response within 5 business days of receiving the correspondence, an interim response acknowledging receipt is required.²⁴ Responses to correspondence must provide complete, accurate, and understandable information.²⁵ In addition, VSC staff are required to maintain the correspondence in claims folders.²⁶

²² M21-4, Appendix B, Section II, *End Products - Compensation, Pension, and Fiduciary Operations*.

²³ *Ibid*.

²⁴ M27-1 Benefits Assistance Service Procedures, Part I, Chapter 5, Topic 3, *Acknowledging Correspondence*.

²⁵ M27-1 Benefits Assistance Service Procedures, Part I, Chapter 5, Topic 1, *General Guidance for Processing Correspondence*.

²⁶ M27-1 Benefits Assistance Service Procedures, Part I, Chapter 5, Topic 5, *Handling Various Types of Correspondence*.

**Review of
VARO
Processing
of Special
Correspondence**

We randomly sampled 30 of 338 special controlled correspondences (9 percent) that VSC staff processed from June 1 through August 31, 2016 to determine whether staff expedited processing and used an EP 500 to control and accurately responded to the inquiries. We did not identify processing delays or inaccurate responses related to this workload. However, the congressional liaison did not establish appropriate workload controls for the 30 cases; rather, the congressional liaison maintained control by using an electronic congressional log—required by VBA policy.²⁷ In addition, the congressional liaison did not upload follow-up correspondence in 13 claims folders (43 percent). The VSCM concurred with our findings.

Generally, these errors occurred because of inadequate oversight by the VSCM and Coach. In May 2013, an internal VBA review conducted by the Benefits Assistance Service site visit issued a report that highlighted the Indianapolis VARO as being noncompliant regarding the proper use of EP 500s to manage the correspondence workload. However, Benefits Assistance Service provided training and reference material during its review but did not require corrective action regarding the proper use of EP 500s. Despite the site visit findings, the congressional liaison was unaware of the requirement to establish the EP 500 and upload follow-up correspondence to the electronic system.

The Coach stated that the congressional liaison provided timely, accurate, and complete responses to inquiries. The Coach further stated that an assessment was not completed to determine if the congressional liaison properly controlled the workload with EP 500s and uploaded the correspondence into the claims folders. The Coach indicated that the checklist used to perform quality reviews did not incorporate all elements to ensure accuracy when processing special controlled correspondence. Although Benefits Assistance Service issued its report before the VSCM's arrival, the VSCM took responsibility for overseeing these requirements and indicated that corrective action would be taken.

During an interview, the congressional liaison stated that a one-time training in 2013, provided by Benefits Assistance Service, addressed the timeliness of inquiry responses. A review of the training records for FY 2015 and FY 2016 showed there were no training events for additional topics related to special controlled correspondence, such as the proper use of an EP 500 to control this workload or what documents must be uploaded to the claims folders.

As a result of not properly controlling and processing the special controlled correspondence, the errors affected data integrity and underrepresented the

²⁷ M27-1 Benefits Assistance Service Procedures, Part I, Chapter 5, Topic 5, *Handling Various Types of Correspondence*.

VARO's workload performance. Correct work measurements are essential to substantiate proper staffing requirements and determine productive capacity.

Recommendations

5. We recommended the Indianapolis VA Regional Office Director implement a plan to comply with Veteran Benefits Administration policy for managing and processing special controlled correspondence.
6. We recommended the Indianapolis VA Regional Office Director provide training to the congressional liaison responsible for processing special controlled correspondence.
7. We recommended the Indianapolis VA Regional Office Director develop and implement a plan to assess the effectiveness of the special controlled correspondence checklist.

Management Comments

The VARO Director concurred with our findings and recommendations. To address Recommendation 5, the Director provided a copy of its Standard Operating Procedure, which outlined procedures for processing special controlled correspondence. For Recommendations 6 and 7, the Director reported that the congressional liaison received specific training during the OIG's site visit. To ensure staff comply with VBA policy when processing special controlled correspondence, the Director required the Public Contact supervisor to conduct quality reviews on five cases per month.

OIG Response

The VARO Director's comments and actions are responsive to our recommendations. Based on the evidence provided, Recommendation 5 is considered closed. We will follow up on Recommendations 6 and 7 as required.

Appendix A Scope and Methodology

Scope and Methodology

In October 2016, we evaluated the Indianapolis VARO to see how well it provides services to veterans and processes disability claims.

We reviewed selected management, claims processing, and administrative activities to evaluate compliance with VBA policies regarding benefits delivery and nonmedical services provided to veterans and other beneficiaries. We interviewed managers and employees and reviewed veterans' claims folders.

We randomly selected and reviewed 30 of 434 veterans' disability claims related to TBI (7 percent) that the VSC completed from March 1 through August 31, 2016. We randomly selected and reviewed 30 of 47 claims available involving entitlement to SMC and related ancillary benefits (64 percent) completed by VARO staff from September 1, 2015 through August 31, 2016. In addition, we randomly selected and reviewed 30 of 163 completed claims (18 percent) that proposed reductions in benefits from June 1 through August 31, 2016. Furthermore, we randomly selected and reviewed 30 of 1,473 pending rating claims (2 percent) selected from VBA's corporate database established in August 2016. Finally, we randomly selected and reviewed 30 of 338 special controlled correspondences (9 percent) completed from June 1 through August 31, 2016.²⁸

Data Reliability

We used computer-processed data from VBA's corporate database obtained by the Austin Data Analysis division. Moreover, data obtained from the Austin Data Analysis division for special controlled correspondence confirmed that staff from the Indianapolis VSC did not complete EP 500s from June through August 2016. As a result, we obtained electronic logs of special controlled correspondence from the VSC. To test for reliability, we reviewed the data to determine whether any data were missing from key fields, included any calculation errors, or were outside the period requested. We also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Furthermore, we compared veterans' names, file numbers, Social Security numbers, VARO numbers, dates of claim, and decision dates as provided in the data received with information contained in the 150 claims folders we reviewed. The 150 claims folders related to TBI claims and SMC and ancillary benefits, as well as proposed rating reductions, systems compliance, and special controlled correspondence.

²⁸ During the inspection, while determining our sample size of 30 claims, we determined some claims were outside of the scope of our review; therefore, we removed these claims from the universe of claims.

Our testing of the data disclosed that they were sufficiently reliable for our inspection objectives. Our comparison of the data with information contained in the veterans' claims folders reviewed in conjunction with our inspection of the VARO did not disclose any problems with data reliability.

***Inspection
Standards***

We conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix B Management Comments

Department of Veterans Affairs Memorandum

Date: May 24, 2017

From: Director, VA Regional Office, Indianapolis, Indiana (326/00)

Subj: OIG Draft Report- *Inspection of the VA Regional Office, Indianapolis, Indiana*

To: Assistant Inspector General for Audits and Evaluations (52)

1. Attached are the Indianapolis VA Regional Office comments on the Office of Inspector General Draft Report: *Inspection of the VA Regional Office Indianapolis, Indiana*.
2. Questions may be referred to Mr. Michael Stephens, Director, at (317) 916-3400, or Mrs. Teria Dowdy, Veterans Service Center Manager, at (317) 916-3492.

(original signed by:)

MICHAEL R. STEPHENS
Director

Attachment

**Comments on Draft Report
OIG Office of Audits and Evaluations
Benefits Inspection of the Indianapolis Regional Office**

Recommendation 1: We recommended the Indianapolis VA Regional Office Director ensure and implement local training that complies with Veterans Benefits Administration policy and implement plans to ensure the effectiveness of that training for evaluation of higher-level Special Monthly Compensation claim and ancillary benefits.

Indianapolis Response: Concur

On January 25, 2017, Central Office-mandated SMC training was conducted, and the majority of our Rating Veterans Service Representatives (RVSR) attended (see attached "SMC training 012517.pdf"). The training session was recorded, and 13 of the 18 RVSRs that did not attend the January session have since taken the training (see attached "SMC training certs – 13.pdf"). The five (5) RVSRs that require the training will complete the course by Friday, June 30, 2017.

The Quality Review Team will review five (5) SMC cases for the remainder of the fiscal year to ensure compliance.

Recommendation 2: We recommended the Midwest District Director implement a plan to ensure the Indianapolis VA Regional Office Director provides oversight and prioritization of proposed rating reduction cases for completion at the end of the due process time period.

Indianapolis Response: Concur

VBA provides oversight and prioritization of proposed rating reduction cases at the national level. As of April 9, 2017, all Regional Offices receive a daily distribution of actionable due process work that is either priority - homeless, terminally ill, etc. - or our oldest pending claims. Nationally, Regional Offices are held to a standard that all work must be completed on a claim that is distributed to them within five days. Regional and District Office leadership, as well as the Office of Field Operations, routinely monitor stations performance related to the five day Time In Queue (TIQ) standard. Since NWQ began managing distribution of EP600s (due process EPs), timeliness of these claims improved by 30 days.

VBA will continue to monitor the improvements in EP600 timeliness and make prioritization adjustments as necessary. VBA requests closure of this recommendation.

Recommendation 3: We recommended that the Indianapolis VA Regional Office Director provide training to Claims Assistant on how to assign the correct medical classification to claimed disabilities and monitor the effectiveness of that training.

Indianapolis Response: Concur

On October 21, 2016, Intake Processing Center (IPC) employees participated in classroom training, "How to Obtain the Correct Medical Classification Label for Claimed Contentions." During the training session, Claims Assistants (CA) reviewed the job aid available on the Compensation and Pension website. Additionally, CAs also completed TMS Course 4180198, Contention Classification Name Update (see attached "CA Training Contention Classification.pdf").

In addition to this training, our office corrected over 732 contention classification labels that were previously utilized by CAs. The attached "IPC Classification 732 List.xlsx" was distributed to the IPC during a training session held on January 12, 2017. During this training session, it was conveyed to CAs that any improper medical classification label on the contentions established by them would result in a

quality error. There were approximately four (4) incorrect medical classification labels after this training. However, there have not been any errors on the medical classification label during the monthly quality reviews completed since March 2017.

It is recommended this item be closed based on the actions taken as mentioned above.

Recommendation 4: We recommended that the Indianapolis VA Regional Office Director implement a plan to modify the quality review checklist on claims establishment to include “claimed issue with classification” and “special issue” indicators for all claims.

Indianapolis Response: Concur

The ASPEN checklist utilized by CAs has not been updated in the ASPEN system; however, when the IPC Coach and Assistant Coach conduct their monthly CA quality reviews, they review both the special issues and the medical classification labels. This is included as part Claims Establishment Item H: “If a priority category case, was the claim properly identified for priority processing, appropriate flash or special issue added, and routed appropriately?” (see attached “CA Aspen Quality Checklist.docx”).

It is recommended this item be closed based on the actions taken as mentioned above.

Recommendation 5: We recommended the Indianapolis VA Regional Office Director implement a plan to comply with Veteran Benefits Administration policy for managing and processing special controlled correspondence.

Indianapolis Response: Concur

On January 26, 2017, the Veterans Service Center implemented a Standard Operating Procedure, which outlines the appropriate procedures for handling special controlled correspondence, to include a Congressional Correspondence Checklist. See attached “Public Contact- Congressional SOP 012617.docx.”

It is recommended this item be closed based on the actions taken as mentioned above.

Recommendation 6: We recommended the Indianapolis VA Regional Office Director provide training to the Congressional Liaison responsible for processing special controlled correspondence.

Indianapolis Response: Concur

During the site visit, the Congressional Liaison received training on handling special controlled correspondence, more specifically, uploading documents to be associated with a claimant’s eFolder in VBMS.

During the site visit the Congressional Liaison also uploaded all paper correspondence to the appropriate eFolder.

It is recommended this item be closed based on the actions taken as mentioned above.

Recommendation 7: We recommended the Indianapolis VA Regional Office Director develop and implement a plan to assess the effectiveness of the special controlled correspondence checklist.

Indianapolis Response: Concur

On January 26, 2017, the Veterans Service Center implemented a Standard Operating Procedure, which outlines the appropriate procedures for handling special controlled correspondence, to include a

Congressional Correspondence Checklist. See attached "Public Contact- Congressional SOP 012617.docx."

The Public Contact Team Coach will review five (5) cases per month to ensure compliance with the procedures.

It is recommended this item be closed based on the actions taken as mentioned above.

For accessibility, the format of the original memo has been modified to fit in this document.

Appendix C **OIG Contact and Staff Acknowledgments**

| | |
|-----------------|--|
| Contact | For more information about this report, please contact the Office of Inspector General at (202) 461-4720. |
| Acknowledgments | Nora Stokes, Director Kelly Crawford Yolanda Dunmore Kyle Flannery Suzanne Love Lisa Van Haeren |

Appendix D Report Distribution

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This report is available on our website at www.va.gov/oig.